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#### **PENSIONERS IN MODERN RUSSIA: BASIC MODELS OF SOCIAL AND LABOR BEHAVIOR**

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#### ***Abstract***

Civilization increased life expectancy and the share of elderly people in the total number of the population. However, it increased the burden on the working-age population as well. The government should create conditions for labor activity of elderly people, prevent their discrimination, including underpayment. Rural pensioners who have low-paid jobs are hard-pressed as well as elder people in urban areas. One of the ways to increase the material level of rural pensioners is to use their labor in the individual farms. Due to the aging and reduction of the working-age population, an increase in life expectancy, the government is implementing pension system reforms increasing the retirement age. The desire of pensioners to continue their professional activities should be reflected in social policies of the government, in the Development Strategy for the Elderly in Society. Research on the status of pensioners in society, conditions for the development of their creative abilities is required.

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**Keywords:** Pensioner, employment, rural areas, labor market, pension system.



## **1. Introduction**

Improving the level and quality of life of older people is a complex state-public process contributing to the harmony of physical and spiritual health. The government pension policies are a system of goals, objectives, principles and priorities aimed at creating conditions for active participation in the life of society. Organizations and individuals working with older people should pay special attention to their role in society and family life. In accordance with the recommendations of the International Labor Organization (ILO), the entire working population of the Earth is divided into economically active and economically inactive. The percentage ratio between them is individual for each country. It depends on historical, socio-economic, demographic, cultural and living conditions of the population. In the Russian Federation, the active population is 67% and the lower limit of the active person (of working age) is 16 years; the upper limit is 60 years and 65 years for women and men, respectively (January 1, 2019). However, there are more than 40 million working pensioners which increases the share of the active population. Today, research on the integration of elderly people into a modern socio-economic mechanism is relevant.

## **2. Problem Statement**

The article studies the need to integrate rural retirees in the modern socio-economic reality.

## **3. Research Questions**

The article focuses on rural pensioners as a specific social community with significant economic potential, human capital, which can be integrated in modern conditions through mentoring.

## **4. Purpose of the Study**

The purpose of the study is to analyze features of rural retirees as a significant economic resource.

## **5. Research Methods**

The systemic and situational approaches were used to study the lives of older people as an established socio-demographic group of the population. Motives and behavior patterns of retirees from different subgroups were studied in Volgograd region in 2017. The theory of age stratification was applied to study the subgroup of pensioners living in rural areas. Behavior patterns of pensioners in modern Russia, opportunities for employment and rest were analyzed. Russian researchers have been studying problems of older people since the late 1950s, when the Institute of Gerontology of the Academy of Sciences was established. In modern Russia, these studies are fragmented by branches of knowledge and reflect views of individual researchers (Akhmetova, 2009).

## **6. Findings**

Over the past 10 years, the number of pensioners in Russia has been growing. Today, there are 43 million pensioners. The pension policy is based on the following principles: equality of support regardless

of social status, nationality, place of residence, religious beliefs; availability of targeted assistance, equal access to healthcare, education and social services; creation of conditions for active labor (Table 1) (Hussmann, Mehran, & Verma, 2008; Medvedeva & Timoshenko, 2017).

**Table 01.** Pensioners in Russia by year, thousand people

	2011	2012	2013	2014	2015	2016	2017	2018
<b>Total number of pensioners</b>	39706	40162	40573	41019	41456	42729	43177	43504
Women	26653	26963	27238	27546	27796	28599	28909	29075
Men	13053	13199	13335	13473	13660	14130	14268	14429
<b>Living</b>								
In the countryside	11772	11845	11808	11865	11486	11825	11814	11705
In urban areas	27934	28317	28765	29154	29970	30904	31363	31799
Out of the total number of pensioners who retired earlier	6099	5950	5759	5616	5407	5149	4957	4707

Source: Pension Fund of the Russian Federation, access mode: <http://www.gks.ru/>

The Government strategy should be in compliance with the Demographic Policy of the Russian Federation for the period up to 2025; the Concept of long-term socio-economic development of the Russian Federation for the period up to 2020; The Concept of the state migration policy of the Russian Federation for the period up to 2025; the Strategies for the development of physical culture and sports in the Russian Federation for the period up to 2020; the Strategies for sustainable rural development for the period up to 2020. The social tasks should include: the effective use of labor of pensioners; decent material and social status; satisfaction of educational needs and improvement of financial literacy; systematic physical education; development of social services and a health care system; development of a charity system and respect for the old age.

In Russia, a large number of elderly citizens retain their resource potential: health, education, intelligence. According to the Pension Fund of the Russian Federation, the number of working pensioners is 9.9 million people, and according to the Ministry of Labor and Social Protection of our country, the employment rate of pensioners can reach 6.6 million people in 2025 (Table 2). The majority of working pensioners are those who receive old-age pensions (8.6 million people).

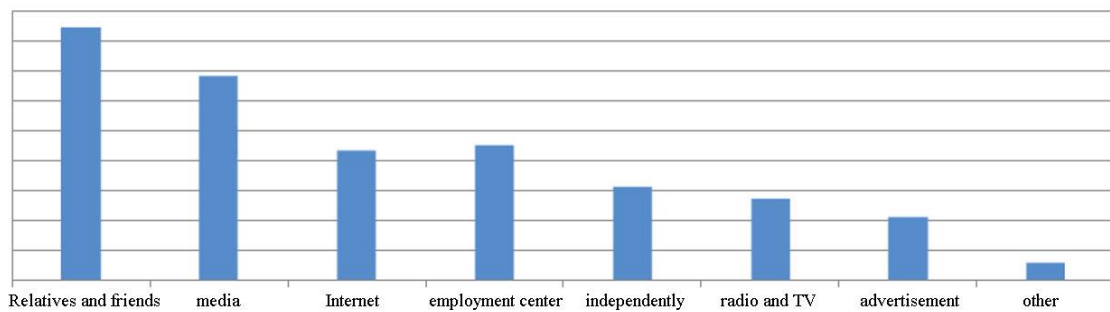
**Table 02.** Retired Employees Registered In The Pension Fund Of The Russian Federation By Year, Thousand People

Name	2011	2012	2013	2014	2015	2016	2017	2018
All Working Pensioners	12380	13030	13669	14325	14917	15259	9883	9669
% Of The Number Of Pensioners Registered In The Pension Fund Of The	31,2	32,4	33,7	34,9	36,0	35,7	22,9	22,2

Russian Federation								
Receiving A Pension:								
Old Age Pension	11345	11995	12626	13280	13872	14199	8791	8602
Disability Pension	831	818	806	795	773	759	679	656
Survivor Benefit	10	10	11	10	17	23	46	35
Affected By Radiation And Man-Made Disasters And Their Family Members	101	105	110	113	118	127	144	164
Federal Civil Servants	13	15	18	20	20	22	12	11

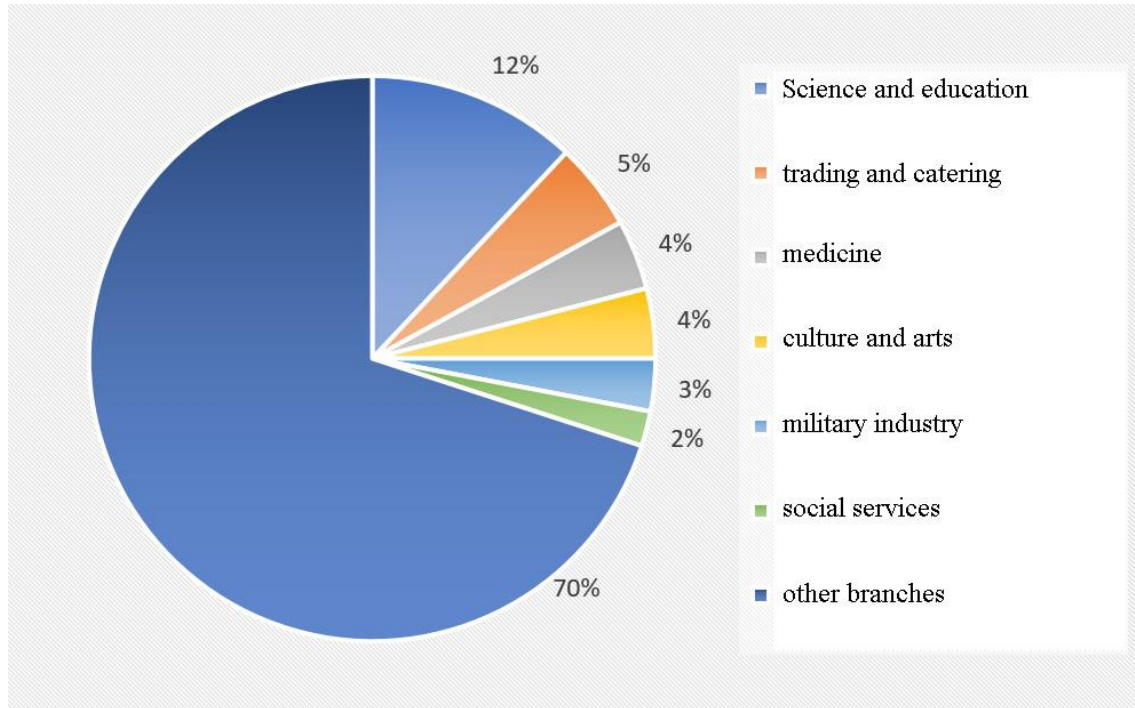
Source: Pension Fund of the Russian Federation, access mode: <http://www.gks.ru/>

Scientific and methodological approaches to the phenomenon of old age include research on vital activities, legal, demographic, socio-economic and gerontological problems of senior citizens.



**Figure 01.** Work search methods which are popular among the pensioners

The study shows that more than 30% of potential retirees would like to carry on working; 50% of pensioners are engaged in skilled labor; some pensioners stay in the same place after retirement, but most of them are forced to change jobs and engage in unskilled labor. After retirement, some pensioners stay in the same organization or search for a new job using personal contacts, information provided by the media and Internet (Figure 1). Most of the pensioners work in five economic sectors: science and education, trade, medicine, culture, military industry and social services (Figure 2).



**Figure 02.** Employment of pensioners for Russian industries

One of the positive trends is growing mobility and ability of the retirees to adapt to changing conditions in the labor market (Rogachev, 2016). Rural and urban pensioners determine their labor in a different way. For example, agricultural production, due to its seasonality, a multi-branch nature, a wide use of the natural factor, a high share of manual labor, has a significant impact on the choice of pensioners. The negative manifestation of these features is the use of retirees for hard work (Bondarenko, 2000; Abasova, 2012; Timoshenko, 2013). Rural pensioners work in their private subsidiary farms (PSFs) which became the main source of income. 2 million 800 thousand PSFs (out of 18 million) produce large volumes of agricultural products (Timoshenko, 2013).

Analysis of demographic data shows that birth and death rates for the rural population reduces the amount of labor supply. In 2018, in Russia, 28 people per one worker were engaged in agricultural production (in the UK – 95, in the USA – 100) which indicates low labor productivity, poor automation and mechanization. The real life of most elderly people, especially in the countryside, is hard-stressed. The aging brings new problems caused by an increase in the dependent burden on the economy and family.

There are many approaches to the aging process. The philosophers of ancient Greece made ideas about the ages of life a subject of discussion, interpreted them as a special subject of theoretical thinking. An old age was considered as a stage in human life illuminated by wisdom. Researchers associate the aging process with the internal conflict of the individual, discrepancy between abilities and desires. Kalugina (2011) distinguished between two subgroups of pensioners: “the Young Old” and “the Old Old”. The “young old people” (the elderly under the age of 75) are characterized by good health, high life expectancy and educational status (Kalugina & Vershinina, 2011). “Young old people” are engaged in the political life of society. The study provides a basis for highlighting the boundaries of old “young pensioners” aged from 50 to 72 years. The onset of old age is a controversial issue, since each nation and each person is individual. However, the following periods can be distinguished: elderly men (60–74 years) and women (55–74 years)

old); men and women of gerontic age (75-90 years old); long-living persons men and women (over 90 years old).

WHO experts referring to the UN decision of 1980 believe that the boundary of transition to the elderly group should be 60 years. The age of 65 should be an indicator of the onset of advanced age (Kalugina & Vershinina 2011; Shestakova, Vasilyev, & Chistyakova, 2016). At the beginning of the 20th century, priority was given to the economic interests of the state; the age of dismissal was quite high (in Germany - 70 years; in the USA and France - 65 years). Under the pressure of trade unions, the retirement age began to decline. Today we are witnessing a reverse process. A number of countries, including Russia, are raising the retirement age. There are many convincing examples in OECD countries where elderly people are active. They are the most solvent group able to satisfy their needs for rest and travel (Kalugina & Vershinina 2011; Shestakova et al., 2016). Individual corporate marketing is largely focused on the needs of the elderly.

For the researchers, the old age is a type of social deviation arising in the triangle of relations: human, state, society. Each age group has its own values, subculture. Older people like to communicate with their peers, as they have shared interests and views. The studies identified several types of the old age: creative old age; socially adaptable old age; family type old age. The groups of older people create and protect their lifestyle; each individual has to follow this rule (Temirov & Temirova, 2017).

The category “pensioner's lifestyle” includes: activities, communication, behavior. Most pensioners believe that “have a good life” means to be healthy (70%), to have a good pension (64.6%), to be financially secure (57.3%), to keep a family (45.4%), to have good housing conditions (34.2%). Material well-being is highly valued by men and women (73.1% and 80.5%, respectively). For men, communication with people, independence and utility are more valuable. The value of health is great for pensioners of all ages. Retirement is often accompanied by severe stress that affects human health. If the state and taxpayers consider pensionability as a way of economic development, for many older people, the desire to work is a common practice (Kalugina & Vershinina, 2011; Shestakova et al., 2016; Temirov & Temirova, 2017; Rogachev, Medvedeva, Timoshenko, Tokarev, & Shiro, 2019). According to the research data, about 60% of old-age pensioners carry on working because of money scarcity.

The steady growth of the number of older people determines new ideas about old age, the role of older people in society. Old age is an individual process. There are a lot of theories describing the aging process. On the one hand, retirees have the right to rest; on the other hand, retirement can cause depression. Rational employment of retirees is widespread due to the shortage of labor resources and the need to use abilities of people retaining residual workability. However, pensioners do not allow younger people to work, reduce their material well-being. Technical knowledge of workers is lost due to implementation of innovative technologies. It causes disrespect for old personnel, their experience. One can distinguish 4 classes including 148 professions that can meet age characteristics of people. The first group includes jobs with a predominance of working pensioners; the second group includes professions which require knowledge, skills and dexterity; the third group includes jobs with a slight predominance of pensioners; the fourth group includes jobs related to physical and mental labor using the experience of retirees. Retired people are less energetic. They begin to move from more significant and successful social roles to less responsible (Abasova, 2012; Kalugina & Vershinina, 2011; Shestakova et al., 2016). Labor activity during

life determines the degree of prestige, well-being. Permanent employment is a good habit. Many pensioners want to carry on working. Lifestyle is a well-established system of forms and types of human activity associated with health, worldview, living conditions. There are three main types of labor orientation: internal orientation (interest in the content of work), external orientation (interest in work) and a combined type. Those who want to carry on working combine motives to work and social activity. The average seniority of retirees who continue their professional activities can be fit into the first five years. The demographic situation in Russia is determined by a significant increase in the share of elderly people in the structure of the population (every 10th pensioner works). Older people are a rapidly growing socio-demographic group that is associated with increasing life expectancy (Table 3).

**Table 03.** Expected life expectancy in Russia, years

Years	For men over 60	For women over 55
2007	14,20	23,77
2008	14,28	23,88
2009	14,52	24,23
2010	14,58	24,23
2011	15,14	24,85
2012	15,38	25,05

The use of labor of retirees who have retained their ability desire to work is of considerable importance not only for “representatives of the third age”, but for solving the problem of rational use of labor resources and formation of a pension system (Table 4).

**Table 04.** Key indicators of pensions in the Russian Federation, years

Indicator	2010	2012	2014	2015	2016	2017
The average size of pensions, per year, rubles.	7476,3	9040,5	10786,0	11986,0	12391,1	13303,7
The minimum subsistence level, rubles.	4521	5123	6617	7965	8081	8315
% of the previous year	110,3	101,8	110,3	120,4	101,5	102,9
Ratio of the average size of pensions, %:						
The size of the subsistence minimum	165,4	176,5	163,0	150,5	153,3	160,0
Average payroll	35,7	33,9	33,2	35,2	33,8	34,0 <sup>4)</sup>
The real size of pensions, % of the previous year	134,8	104,9	100,9	96,2 <sup>5)</sup>	96,6	103,6

In 2018, the Government of the Russian Federation launched of a new pension reform. The first stage of the reform involves increasing the retirement age to 65/60 for men and women; the second stage involves increasing pensions by 1000 rubles. The pension of non-working pensioners should be 40% of the salary level. The main issues (raising the retirement age; implementing a voluntary funded system; changing the rules for paying the funded part of a pension; increasing the role of corporate pensions; adjusting the early retirement system) should balance the budget and raise living standards of pensioners. The gradual increase in the retirement age is presented in Tables 5 and 6.

**Table 05.** Gradual increase in the retirement age for women in the Russian Federation

Year of birth	Retirement year for the new reform	New retirement age, years	How much will the retirement age increase
1st half of 1964	2nd half of 2019 г.	55.5	+0.5 years
2nd half of 1964	1st half of 2020 г.	55.5	+0.5 years
1st half of 1965	2nd half of 2021 г.	56.5	+1.5 years
2nd half of 1965	1st half of 2022 г.	56.5	+1.5 years
1966	2024	58	+3 years
1967	2026	59	+4 years
1968	2028	60	+5 years

**Table 06.** Gradual increase in the retirement age for men in the Russian Federation

Year of birth	Year of retirement	New retirement age, years	How much will the retirement age increase
1st half of 1964 г.	2nd half of 2019 г.	55.5	+0.5 years
2nd half of 1964 г.	1st half of 2020 г.	55.5	+0.5 years
1st half of 1965 г.	2nd half of 2021 г.	56.5	+1.5 years
2nd half of 1965 г.	1st half of 2022 г.	56.5	+1.5 years
1966	2024	58	+3 years
1967	2026	59	+4 years
1968	2028	60	+5 years

The Russian Statistics Agency predicts that by 2030 the number of workable citizens will have decreases by 4 million people. The need for changes is justified by the Government of the Russian Federation by the changed social and economic situation, increasing life expectancy. In 2018, the predicted average life expectancy of Russians was 72.9 years. The task is to increase life expectancy to 78 years by 2024, and to 80 years by 2030. Development of legislation to continue professional work after retirement, development of mechanisms to encourage employment of pensioners require a pensioner development strategy (Rogachev et al., 2019; Komarova, Medvedeva, & Kozenko, 2016). Integration of older people in the social and cultural life of the village should be based on available experience and priorities (Timoshenko, 2013). The society should create public spaces to meet needs of old people.

## 7. Conclusion

Currently, the global trend is an increase in life expectancy which increases the share of elderly people in the total population of the Earth. The economic burden on the working-age population increases and the use of working abilities of elderly people becomes relevant. However, it reduces the labor supply for younger people and increases the importance of older workers in the process of forming labor resources. Discrimination of elderly people in the labor market and lower wages can be observed, although the labor activity of older workers has a significant impact on the economic and social development of regional economies. Due to the aging and reduction of the working-age population in Russia, an important factor in ensuring sustainable production and economic growth, as well as a healthy, active and prosperous life of people, is a strategy aimed at engaging retirees in active life. The desire of workers who have reached the retirement age to continue their professional activities faces discriminatory practices when applying for a



job. The state strategy in should determine approaches to the rational use of older workers and suggest ways to improve their living standards.

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